

PERFORMANCE MANAGEMENT ACTIVITY AT NIH

January 2005

Performance Management

- Performance management is a strategic tool to improve individual and organizational effectiveness in meeting the NIH mission and desired outcomes.
- Performance management systems help facilitate organizational change and/or maintain continuity, when performance expectations for individuals and groups are clearly communicated and understood.

Current Focus of Performance in Government

- The government continues to focus on ways to improve its efficiency and effectiveness.
- The current emphasis is shifting from *processes* and *resources* used to perform work, to the *results* and *outcomes* of those efforts.

Key Drivers for Change

- The President's Management Agenda (PMA), which targeted five programmatic areas in federal agencies requiring improvements, was a key catalyst for change in the way performance is viewed.
- HHS and other agencies are now being "scored" to encourage rapid implementation of PMA-directed changes.
- HHS has issued broad objectives ("One-HHS") Program and Management Objectives that align with the PMA.

NIH Response

- NIH has implemented *results-focused* improvements that align with the PMA and "One-HHS" Program and Management Objectives; the Government Performance and Results Act; the HHS Strategic Plan; the NIH Roadmap; and other key initiatives.
- We have re-aligned both organizational and individual performance expectations with newest broad goals and objectives, and established clear lines of accountability for outcomes.

Performance Process Changes

Executives, managers and supervisors

- NIH executives, managers and professional supervisors were placed on performance *contracts* that capture the essence of the initiatives described above.
- All NIH managers and supervisors have been asked to “cascade” the broad HHS/NIH goals to their contracts, and to the assignments of all employees. All NIH employees should understand “line of sight” (how the work they perform furthers NIH stated objectives).
- The performance contracts include measures for outcomes and targeted program results.
- These managers continue to function under a two-tiered, “pass-fail” rating system.
- **Within the ranks of the senior NIH executive leadership group, members of the Senior Executive Service (SES) were recently subject to further changes, described below.**

Non-Managerial Employees

- Employees who do not have managerial/supervisory responsibilities remain under a two-tiered, “pass-fail” rating system. They continue to be rated using performance appraisals/ plans (rather than “contracts”). These plans should clearly convey performance expectations.
- Supervisors will continue to administer the full range of performance activities for all employees, including planning, monitoring, developing, evaluating, providing feedback, and bestowing employee rewards and recognition.
- The work employees perform supports the goals and initiatives of the NIH and of supervisors in the chain of command.
- Employee performance plans should also include measures in the “acceptable” levels, for critical elements, that address intended results.
- While employees are to be rewarded for performance in meeting goals, monetary recognition is not *directly* tied to performance ratings that are issued at the end of a rating cycle.

SES and Pay-For-Performance at NIH

- Members of the Senior Executive Service (SES) have been placed under a new “system,” to further enhance the capacity of the NIH to meet PMA standards, and reinforce NIH strategic goals.

- SES members will now serve under a **pay-for-performance system**, another results-oriented organizational tool to maximize executive performance.
- Pay-for-performance goals include *strengthening the linkage between performance and pay; building alignment with agency performance goals; and facilitating organizational improvements.*
- Initially, it will apply to executives at NIH who are members of the Senior Executive Service (SES); Senior Level (SL); and Scientific Technical (ST) positions. Over time, it may have broader application in the workforce. For more information, visit the website:
<http://hr.od.nih.gov/perfmgmt/SES/default.htm>

OHR Consultation

- The Workforce Relations Division is available to assist NIH managers and employees with addressing performance management requirements.
- **All employee performance problems, regardless of employee category, should be discussed with the staff of the Workforce Relations Division as soon as possible.**
- The summary table below delineates coverage and rating cycles for the various NIH employee categories.
- Additional information concerning 2004 NIH performance requirements is located in the and in the 2004 NIH Performance Management Guidance, located in: <http://hr.od.nih.gov/PerfMgmt/default.htm>. Check the sidebar for *Frequently Asked Questions*.

SUMMARY TABLE

NIH Employee Performance Program Features

October 2004

Category	Rating Cycle	Coverage Information	Key Aspects
*Senior Executive Service (SES) See <i>Summary of new HHS SES System Performance Management Changes</i>	Fiscal Year (Oct. 1, 2004 – Sep't. 30, 2005)	Includes members of the Senior Executive Service (<i>SES includes positions in the executive branch that are classified above GS-15, and are generally responsible for managerial, supervisory, and/or policy functions.</i>)	>Shifting from 3 to 4-tiered rating system >Minimum rating period shifted from 120 to 90 days >Uses performance contracts/"agreements" >Uses Pay-for-Performance System (Pay increases and Performance Bonuses are directly linked to performance ratings)
Title 42/SBRS Executives (Division Head and above)	Fiscal Year (Oct 1, 2004 – Sep't. 30, 2005)	Includes scientific researchers and scientific leadership; tenured and tenure-track scientists in the intramural programs; all members of the Senior Biomedical Research Service; various Special Experts	>Pass/Fail (2-tiered rating system) >Minimum rating period is 120 days >Uses performance contracts >Eligible for monetary and non-monetary recognition
Title 42 (below Division Level)	Calendar Year (Jan. 1, 2005 – Dec. 31, 2005)	Includes scientific researchers and scientific leadership; tenured and tenure-track scientists in the intramural programs; all members of the Senior Biomedical Research Service; various Special Experts	>Pass/Fail (2-tiered rating system) >Minimum rating period is 120 days >Uses Performance Contracts for managerial/supervisory staff >Eligible for monetary and non-monetary recognition
General Schedule Supervisors, Managers	Calendar Year (Jan. 1, 2005 – Dec. 31, 2005)	Includes leadership positions having two-grade interval promotion patterns: e.g., GS-9 – GS-11, etc.	>Pass/Fail (2-tiered rating system) >Minimum rating period is 120 days >Use performance contracts >Eligible for monetary and non-monetary recognition
All other NIH employees (general schedule; wage-grade)	Calendar Year (Jan. 1, 2005 – Dec. 31, 2005)	Includes all other employees not covered by the categories described above	>Pass/Fail (2-tiered rating system) >Minimum rating period is 120 days >Use performance appraisals/plans >May also be covered by Bargaining Unit Agreements >Eligible for monetary and non-monetary recognition

***SUMMARY OF NEW HHS SES PERFORMANCE MANAGEMENT SYSTEM**

- New HHS SES performance management plan submitted for certification to Office of Personnel Management and Office of Management and Budget on August 4, 2004.
- Upon certification, SES base pay and aggregate pay limits are increased.
 - Base pay maximum rate increases from \$145,600 to \$158,100.
 - Aggregate compensation (includes performance bonuses, Presidential Rank Awards, retention allowances, etc.) increases from \$175,1700 to \$203,000.
- New HHS SES performance management plan:
 - Incorporates four-level rating system versus previous three-level rating system. Ratings levels include: "Exceptional," "Fully Successful," "Minimally Satisfactory," and "Unsatisfactory."
 - Changes minimum rating period from 120 days to 90 days.
 - Retains the fiscal year performance cycle (October 1 to September 30).
- For FY 04 rating cycle, pay and recognition determinations directly linked to summary performance ratings:
 - Exceptional – Eligible for pay increases up to 6% of base salary and performance bonuses up to 12% of base salary.
 - Fully Successful – Eligible for pay increases up to 4% of base salary and performance bonuses up to 7% of base salary.
 - Minimally Satisfactory and Unsatisfactory – Ineligible for any performance recognition.
- Departmental Performance Recognition Panel makes all final decisions on performance bonuses and pay increases for HHS SES members on behalf of the Secretary.